

## Message Text

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51

ACTION EUR-25

INFO OCT-01 EB-11 ISO-00 INT-08 GSA-02 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-20 STR-08 CEA-02 EURE-00 PA-04 PRS-01 USIA-15 L-03

H-03 DRC-01 /179 W

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P 161806Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5635

UNCLAS LONDON 13443

E.O. 11652: N/A

TAGS: AORG, EIND

SUBJECT: ZINC: LONDON METAL EXCHANGE RESTRICTS  
SHORT-TERM ZINC SALES

1. LME ANNOUNCED NOVEMBER 15TH RESTRICTION ON ALL NEW PURCHASES OF ZINC FOR ANY PROMPT POSITIONS BETWEEN NOW AND END OF DECEMBER. NO FURTHER ORDERS TO BE ACCEPTED, OTHER THAN THOSE NECESSARY TO COVER SHORT POSITIONS. TRADE IN FUTURES NOT RPT NOT AFFECTED BY DECISION. IN RESPONSE CASH ZINC DROPPED IMMEDIATELY BY ABOUT 30 POUNDS PER TON IN AFTERNOON TRADING.

2. COMMENT: LME'S UNPRECEDENTED MOVE CLEARLY RESPONSE TO DRAMATIC RISE IN PRICE OF CASH ZINC AND SERIOUS NEAR TERM SHORTAGE. LME WAREHOUSE STOCKS DOWN TO 7000 TONS. SINCE ZINC TRADED ON LME REPRESENTS ONLY VERY SMALL PORTION OF WORLD TRADE IN METAL (ESTIMATED TO BE ABOUT 10 PERCENT) MOVE SHOULD HURT SPECULATORS FAR MORE THAN METAL USERS. HOWEVER, SOME CONCERN BEING EXPRESSED HERE OVER PRECEDENT MOVE ESTABLISHES FOR OTHER METALS SUCH AS COPPER AND TIN WHERE LME PLAYS MUCH MORE

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IMPORTANT ROLE IN WORLD SUPPLY OF METAL AND ITS PRICING.

BOTH COPPER AND TIN HAVE SHOWN SHARP PRICE RISES IN RECENT WEEKS AND STOCKS OF THESE METALS IN LME WAREHOUSES AT EXCEPTIONALLY LOW LEVELS. SOME COMMENTATORS IN TODAY'S PRESS (E.G. "TIMES") HAVE SUGGESTED POSSIBILITY THAT IF PRESENT SUPPLY SQUEEZE CONTINUES LME MAY HAVE TO CLOSE ITS DOORS.

ANNENBERG

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
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**TAGS:** AORG, EIND  
**To:** STATE  
**Type:** TE  
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